

FINANCE COMMITTEE 5.18.17 5:30 → 6:20

CHAIR: HUMPHREY

COMMITTEE PRESENT: CHRIS ETTORI

PRESIDENT DAVIS JOINED US FOR QUORUM, TREASURER WILTON & ALAN KEAYS (VTDIGGER) WERE ALSO PRESENT. RANDALL NORTHROP OF CORRETTE & ASSOCIATES JOINED BY PHONE FOR FIRST AGENDA ITEM.

AUDIT REVIEW FY16

- RANDALL NORTHROP JOINED US BY PHONE FOR REVIEW OF STATEMENTS
- 5TH YEAR IN A ROW W/ A CLEAN OPINION
- UNASSIGNED FUND BALANCE > GOAL OF 10% @ \$3+M (Pg. 18)
- FINISHED YEAR W/ CASH IN WATER & SEWER THOUGH STILL SOME CASH FLOW TROUBLE W/ PARKING METER / TRANSIT CENTER FUND (P. 22)
- SPECIAL REVENUE FUNDS ALL HAVE SURPLUS W/ EXCEPTION TO WHITE'S POOL FUND WHICH WILL BE EXHAUSTED & CLOSED AFTER NEW POOL IS BUILT. (P 64)
- \$22.7M NET PENSION LIABILITY (P 14)
- INTERNAL CONTROL REPORT SHOWED NO ISSUANCES OF MATERIAL NON-COMPLIANCE.
- MANAGEMENT LETTER OF COMMENT FROM CORRETTE & ASSOCIATES ATTACHED, DATED JAN 21, 2017

FY17 YEAR TO DATE / YEAR END REVIEW

- FINISHED FY16 W/ \$3+M UNASSIGNED FUND
- W/ \$2 (10%) PUT ASIDE FOR WORKING CAPITAL WE THEN PUT:
 - \$350K TO TAX RELIEF FY17
 - \$475K FOR MSH LEGAL (DIDN'T NEED)
 - \$175K FY17 PAVING
- \$1M ASSIGNED @ FY17 TAX SETTING

- TREASURER WILTON ANTICIPATES \$200K SURPLUS IN FY17 BUDGET UNSPENT.
 - APPROX. \$1M UNASSIGNED BALANCE TO CONSIDER WHEN SETTING FY18 TAX RATE (MOST OF THIS IS CARRY OVER FROM FY16 INTO FY17), AFTER \$2M ASIDE FOR 10% WORKING CAPITAL.
 - BOARD MADE COMMITMENTS TO FUND UP TO \$400K IN POLICE & FIRE ADDITIONS OUT OF UNASSIGNED (DURING FY18 BUDGET PROCESS)
 - ANTICIPATING \$600K POTENTIALLY AVAILABLE FOR TAX RELIEF
TREAS. WILTON NOTED W/ \$650K IN BUDGET FOR PENSION, \$600K TAX RELIEF ALMOST EVEN SWAP FOR TAXPAYERS COMPARED TO LAST YEAR WHILE AT THE SAME TIME STARTING PAYMENT TO PENSION... IF BOARD CONTINUES TO INCLUDE \$650K FOR PENSION IN FUTURE BUDGETS, WE'LL SEE IT IN THE TAX RATE.
 - PRES DAVIS TO FOLLOW UP W/ FD/ PD REGARDING PROGRESS ON RECRUITING #S
 - TREAS. WILTON WILL FOLLOW UP ON \$175K FY17 PAVING
- FOR INFORMATION ONLY

CORRETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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City of Rutland
Board of Aldermen
Rutland, Vermont

January 21, 2017

Management Letter of Comment

Year ended June 30, 2016

We have audited the financial statements of the City of Rutland as of and for the year ended June 30, 2016 and have issued our report dated January 21, 2017. In planning and performing our audit of the financial statements of the City we considered its internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control. We have not considered the internal control since the date of our report.

During our audit, we considered certain matters involving the internal control over financial reporting that we are required to communicate to you. These deficiencies are listed in our Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of the Financial Statements performed in accordance with Government Auditing Standards.

Additionally, some deficiencies which do not rise to the level of significant deficiencies or material weaknesses came to our attention and we note them here in order to improve internal controls and transparency of financial activities:

- 1) Receipts are not issued for all revenue sources throughout the City departments.
- 2) Fuel cards are used by DPW and Police employees to purchase fuel but the City does not perform detailed reconciliations or require complete documentation of fuel use.
- 3) The City continues to struggle with linked billing for Water and Sewer revenues but disparate profit/loss results.
- 4) The City should consider converting to a bi-weekly payroll for efficiency, cost-savings and management of personnel resources.

These issues and recommendations, all of which have been discussed with appropriate City management, are intended to improve the financial reporting or result in other operating efficiencies.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not bring to light all weaknesses in policies and procedures that